



February 16, 2005

SENATE BILL No. 66

DIGEST OF SB 66 (Updated February 10, 2005 2:33 pm - DI mc)

Citations Affected: IC 12-15.

Synopsis: Hospital care and reimbursement under Medicaid. Extends provisions of law until December 31, 2007, that: (1) prohibit the office of Medicaid policy (office) or the office's managed care contractor from providing incentives or mandates that direct certain individuals to specified hospitals other than the hospital located in the city where the patient resides unless specified conditions are met; (2) require reimbursement for specified hospitals for services provided if certain conditions are met; and (3) require an inflation adjustment factor to be applied to the reimbursements.

Effective: December 30, 2004 (retroactive); December 31, 2004 (retroactive).

Dillon

January 4, 2005, read first time and referred to Committee on Rules and Legislative Procedure.

February 15, 2005, amended; reassigned to Committee on Health and Provider Services.

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SB 66—LS 6185/DI 13+



February 16, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

SENATE BILL No. 66

A BILL FOR AN ACT to amend the Indiana Code concerning health.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 12-15-11.5-3.1 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE DECEMBER 30, 2004 (RETROACTIVE)]: **Sec. 3.1. (a)**
4 **The office or the office's managed care contractor may not provide**
5 **incentives or mandates to the primary medical provider to direct**
6 **individuals described in section 2 of this chapter to contracted**
7 **hospitals other than a hospital in a city where the patient resides.**
8 **(b) The prohibition in subsection (a) includes methodologies that**
9 **operate to lessen a primary medical provider's payment due to the**
10 **provider's referral of an individual described in section 2 of this**
11 **chapter to the hospital in the city where the individual resides.**
12 **(c) If a hospital's reimbursement for nonemergency services**
13 **that are provided to an individual described in section 2 of this**
14 **chapter is established by:**
15 **(1) statute; or**
16 **(2) an agreement between the hospital and the individual's**
17 **managed care contractor;**

SB 66—LS 6185/DI 13+



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the hospital may not decline to provide nonemergency services to the individual on the basis that the individual is enrolled in the Medicaid risk based program.

(d) A hospital that provides services to individuals described in section 2 of this chapter shall comply with eligibility verification and medical management programs negotiated under the hospital's most recent contract or agreement with the office's managed care contractor.

(e) Notwithstanding subsection (a), this section does not prohibit the office or the office's managed care contractor from directing individuals described in section 2 of this chapter to a hospital other than a hospital in a city where the patient resides if both of the following conditions exist:

(1) The patient is directed to a hospital other than a hospital in a city where the patient resides for the purpose of receiving medically necessary services.

(2) The type of medically necessary services to be received by the patient cannot be obtained in a hospital in a city where the patient resides.

(f) Actions taken after December 31, 2004, and before January 1, 2008, in accordance with this section are hereby declared legal and valid, as if IC 12-15-11.5-3 had not expired.

(g) This section expires December 31, 2007.

SECTION 2. IC 12-15-11.5-4.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE DECEMBER 30, 2004 (RETROACTIVE)]: **Sec. 4.2. (a)**

A hospital that:

(1) does not have a contract in effect with the office's managed care contractor; but

(2) previously contracted or entered into an agreement with the office's managed care contractor for the provision of services under the office's managed care program;

shall be reimbursed for services provided to individuals described in section 2 of this chapter at rates equivalent to the rates negotiated under the hospital's most recent contract or agreement with the office's managed care contractor, as adjusted for inflation by the inflation adjustment factor described in subsection (b). However, the adjusted rates may not exceed the established Medicaid rates paid to Medicaid providers who are not contracted providers in the office's managed health care services program.

(b) For each state fiscal year beginning after June 30, 2001, an inflation adjustment factor shall be applied under subsection (a)

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1 that is the average of the percentage increase in the medical care
2 component of the Consumer Price Index for all Urban Consumers
3 and the percentage increase in the Consumer Price Index for all
4 Urban Consumers, as published by the United States Bureau of
5 Labor Statistics, for the twelve (12) month period ending in March
6 preceding the beginning of the state fiscal year.

7 (c) Actions taken after December 31, 2004, and before January
8 1, 2008, in accordance with this section are hereby declared
9 legalized and valid, as if IC 12-15-11.5-4.1 had not expired.

10 (d) This section expires December 31, 2007.

11 SECTION 3. THE FOLLOWING ARE REPEALED [EFFECTIVE
12 DECEMBER 31, 2004 (RETROACTIVE)]: IC 12-15-11.5-3;
13 IC 12-15-11.5-4.1.

14 SECTION 4. An emergency is declared for this act.

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SENATE MOTION

Madam President: I move that Senator Garton be removed as author of Senate Bill 66 and that Senator Dillon be substituted therefor.

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COMMITTEE REPORT

Madam President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 66, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning health.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Health and Provider Services.

(Reference is to SB 66 as introduced.)

GARTON, Chairperson

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